compensation they owe, they will have it by tracking the calls in real time. Such information also permits billing of 800 subscribers in a timely fashion. The issue of advance knowledge of the compensation rate can be worked out through negotiations among the participants in the compensation system.

At bottom, most of the objections raised by IXCs regarding the administerability of the compensation plan reflect an unwillingness to accept the fact that PSPs must be dealt with in the future as full market participants. As all parties adjust to the new market conditions, most of the current speculative objections to the plan adopted by the Commission will be worked out through negotiations.

APCC agrees with the request of some IXCs that semi-public payphones be excluded from interim compensation. The Bell companies have argued vigorously in this proceeding that their semi-public payphones should not be considered in computing their shares of the payphone market, because of the negligible call volume from such payphones. APCC believes that RBOCs therefore should not be found eligible to collect interim compensation for these same payphones.

Some IXCs continue to oppose compensation for international calls. Such calls are, and should be, compensable for the reasons stated in APCC's comments and reply comments.

Finally, some large IXCs object to the exclusion of smaller IXCs from interim compensation. However, the large IXCs provide no evidence that the market shares of smaller IXCs are significant enough to warrant their inclusion in the interim compensation system. According to LDDS Worldcom's data, the excluded IXCs account for only 6% of toll revenue. APCC's data shows that small IXCs have an even smaller share of access code calls. Only 7 carriers account for more than 96% of access code calling identified by APCC. APCC Reply Comments, Attachment 1. No data on subscriber 800 market shares was submitted. In summary, the large IXCs have not shown that including smaller IXCs is necessary or cost effective.

IV. STATE PREEMPTION

Some IXCs request clarification that the Federal rules preempt state compensation schemes. APCC does not disagree that certain forms of state-prescribed compensation should be preempted, e.g., the intrastate access code compensation prescribed in Florida, Georgia, and South Carolina.

In addressing this issue, however, the Commission should be careful not to preempt forms of compensation that are outside the scope of its compensation rules. For example, California and Florida have required the collection of "set use fees" on certain calls -- primarily 0- and 0+ calls. These set use fees are associated with calls that are subject to generally applicable intrastate rate ceilings, and are intended to permit recovery of the additional costs associated with the use of payphone equipment to make a 0+ call -- even though such costs were not considered in setting the applicable rate ceiling.

The Commission's interim compensation is intended to cover only subscriber 800 and access code calls and is payable only by interexchange carriers; 0+ calls are not covered. Therefore, interim compensation should not preempt any state-prescribed compensation that is applicable to other calls, including 0+ and 0- calls, or compensation that is payable by carriers not subject to interim compensation obligations. In addition, interim flat-rate compensation should not relieve carriers from any compensation obligations pursuant to private agreements between PSPs and interexchange carriers.

As for the Commission's per-call compensation rules, those calls explicitly provide that the prescribed compensation will not apply to calls that are subject to compensation pursuant to a contract. Therefore, per-call compensation should not preempt any state-prescribed compensation that is applicable to 0+ and 0- calls, which are generally subject to a contract between the carrier and the PSP.

Dated: October 28, 1996

Respectfully submitted,

Albert Kramer

Albert H. Kramer
Robert F. Aldrich
DICKSTEIN SHAPIRO MORIN
& OSHINSKY LLP
2101 L Street, N.W.
Washington, D.C. 20037-1526
(202) 785-9700

Attorneys for American Public
Communications Council

ATTACHMENT 1

Information on MCI's New Access Code and 800 Service Products

MCI REPORTS 25 PERCENT RISE IN OPERATING INCOME REVENUE GROWS 21 PERCENT TO $4.7 BILLION

WASHINGTON, Oct. 22 /PRNewswire/ via Individual Inc. -- ** NOTE: TRUNCATED STORY **

MCI Communications Corporation (Nasdaq: MCIC) posted revenues of $4.7 billion, an increase of 21 percent year-over-year. Operating income rose 25 percent. Earnings per share were $0.44 cents, up 10 percent from the year ago quarter, excluding special charges taken in the third quarter of 1995.

"New markets, new products and the integration of our services continue to drive our business," said Gerald H. Taylor, president and chief operating officer of MCI. "This quarter's results demonstrate our long-standing ability to meet customer needs with a broad range of services. We are executing strategies that expand profits -- selling additional services into our customer base that improve customer loyalty and generate additional revenue per customer."

Consolidated Results (comparisons exclude 3Q95 special charges)
-- For the third quarter, MCI posted revenue of $4.69 billion, an increase of $823 million, or 21 percent over the year-ago period;
-- Operating income increased 25 percent to $581 million, from $466 million a year ago in the same period;
-- Net income grew $29 million to $304 million;
-- Earnings per share rose to $0.44 cents from $0.40 cents, an increase of 10 percent.

Core Long Distance Business

Revenue for the core long distance business was $4.3 billion in the third quarter, an increase of $437 million or 11.4 percent over the year-ago quarter. Operating income was $617 million, an increase of $132 million or more than 27 percent from last year's third quarter. Net income rose $80 million year-over-year to $381 million. Traffic volume increased 11 percent from the year-ago quarter and 3 percent over the second quarter of this year.

In the business market, MCI has been the beneficiary of rapid growth in electronic commerce and information systems. In addition to feature-rich long distance services, customers are placing more orders for MCI's global networking, call center consulting, Internet and intranet services, business process outsourcing and network integration services.

MCI's efforts delivered strong revenue increases across traditional long distance and enhanced services. For the quarter, inbound and outbound revenue posted solid double-digit gains since the same quarter last year. MCI's prepaid card revenue increased nearly 200 percent year-over-year due to success with large national distributors including K-Mart, 7-11 stores and WalMart.

Data revenue increased 24 percent year-over-year as MCI continued to deliver added value, with features such as service level guarantees, usage- based pricing, multi-platform connectivity, and custom network configurations. Customer demand for client/server applications continues to explode. As a result, MCI's virtual data products, such as HyperStream Frame Relay, and Internet-based services posted another quarter of over 100 percent revenue growth year-over-year.

MCI has rapidly become the provider of choice for commercial Internet connectivity and applications. MCI further expanded its international Internet reach during the quarter, both for public Internet and private intranet applications. Customized Internet client and dial access solutions for large customers and customized Web site development and hosting continue to differentiate MCI's Internet service and drive strong revenue growth across all Internet service sets.

MCI was awarded key contracts in the government sector, including the FAA Telecommunications Satellite network and the Department of Defense's global communications infrastructure. These wins will bring in more than $500 million in new revenue to MCI over the approximate 10-year contract life.

"Increasingly, our business customers rely on MCI to deliver services and expertise that make their business more efficient and more competitive," said Taylor.

This quarter, MCI furthered its competitive advantages with the introduction of networkMCI One, the first and only fully-integrated suite of communications services for business that includes local, long distance, international, data, conferencing, paging, Internet, cellular and enhanced services all on one invoice.

In the mass market, competitive pressures continue to be strong and have led to increased customer churn on a year-over-year basis. MCI has already begun to address this issue by transitioning the consumer sales force to focus on revenue per customer and profitability, and not solely on minutes or customer counts. Additionally, promotions have been reduced markedly. These initial efforts have driven customer churn down on a sequential basis.

MCI One remains the industry's only fully-integrated package of communications services for consumers and small businesses. And it continues to be sold without the benefit of promotional discounts.

"Our mass markets acquisition machine has been re-tooled to maximize revenue per customer through high margin services. The result will be a more loyal, and more profitable, customer base -- a base ripe for the addition of local services," said Taylor.

MCI continued the initiative to sell more services to its current customer base. IntraLATA minutes were up over 40 percent and Personal 800 minutes rose nearly 50 percent. 1-800-COLLECT also continued to show solid growth this quarter with call volume up nearly 20 percent.

Received Time

Contributing to this growth, Collect En Espanol climbed over 60 percent in call volume over last year.

Partnerships continued to be a key to MCI's consumer marketing strategy. This quarter, MCI became the preferred communications provider to nearly 2 million American Express Corporate Card holders in small businesses. MCI also expanded its line-up of airline partners to six major airlines with the addition of Delta Air-lines. The Delta relationship provides MCI with access to an additional 10 million frequent flyers, bringing MCI's coverage of the attractive frequent traveler market to 72 percent.

Ventures and Developing Markets

In the third quarter of 1996, total revenues for ventures and developing markets was $474 million, an increase of $424 million over the same period a year ago. The year-over-year revenue increase is primarily the result of the acquisitions of SHL Systemhouse Inc. and Nationwide Cellular Services Inc. in 1995. Net loss was $73 million, and EBITDA (earnings before interest, taxes, depreciation, amortization and all non-cash charges), excluding equity in net results of affiliated companies and other income/expense, was $3 million.

Highlights from ventures and developing markets are as follows:

Local: Local services revenue was $45 million, up over 50 percent from the third quarter of last year. This revenue continues to be generated primarily from sales to the company's core business. Local city network (LCNs) deployment is ahead of schedule, reaching the full year goal of 60 networks by the end of the third quarter. MCI is now operational in 34 cities, and has 13 class-5 switches installed that provide local service today. By the beginning of 1997, MCI will have 24 switches installed, positioning the company for an early advantage in addressing the business market for local services. In total, MCI has invested approximately $250 million in local facilities year to date. Including investments in prior years, MCI will approach $1 billion in local facilities by the end of 1996.

The stay of key components of the FCC's Interconnection Order, issued by the 8th Circuit Court of Appeals last week, will delay the benefits of local competition, particularly for consumers. The stay will also delay MCI's entry into local services on a broad basis. However, MCI is focused on the opportunity to reduce access charges and to generate local service revenue where it provides local facilities.

"MCI's unique advantages in the business market, with our strong customer relationships and facilities and switches in place, will ensure our short and long term success in local services," said Taylor. "Unfortunately, it is consumers who will bear the burden of the Court's delay of broad-based competition."

Information Technology: Information Technology revenue was $339 million, and EBITDA was $21 million. New contracts awarded during the quarter include ADT, and Cadence. MCI Systemhouse introduced the industry's first comprehensive client/server management tool for the mid-market called networkMCI Enterprise Management. This service provides a complete solution that helps companies build, manage and support their LAN/WAN systems.

Global: Concert, the global joint venture with BT, posted another quarter of excellent results. Concert was also singled out in a new Forrester Research study as the number one global telecommunications service available. Concert continued to roll out state-of-the-art services this quarter with the addition of Concert Inbound services. Distributor revenue for Concert this quarter totaled $160 million, up over 100 percent since the same quarter of last year.

Avantel, the telecommunications joint venture between MCI and Grupo Financiero Banamex-Accival, Mexico's largest financial group, became the first to provide competitive long distance service in the Mexico telecommunications market on August 12, 1996. Avantel also launched the first branded collect calling product between Mexico and the United States, called "Avantel Por Cobrar" (Collect). This product will address the $500 million market for collect calling between the two countries.

Wireless: Total wireless revenues for the quarter were $83 million, declining $13 million sequentially. The number of cellular subscribers rose 28 percent from last year, ending the quarter at 407,000. In the third quarter, MCI added local cellular service in portions of Florida, New York, Texas and Colorado bringing its coverage to 27 markets, representing over 40 percent of the U.S. population. MCI is on track to serve 30 markets and more than 50 percent of the U.S. population by year's end. The number of paging subscribers ended the quarter at 342,000, a reduction from the prior quarter. This decline results from a suspension in MCI's major marketing efforts associated with a delay in new systems for order entry and fulfillment. Those marketing efforts will resume late in the fourth quarter of 1996.

MCI, headquartered in Washington, D.C., is one of the world's largest and fastest growing diversified communications companies. With annual revenue of more than $15 billion, MCI offers consumers and businesses a broad portfolio of integrated services including long distance, wireless, local, paging, messaging, Internet, information services, outsourcing, and advanced global communications.

MCI COMMUNICATIONS CORPORATION AND SUBSIDIARIES

** NOTE: This story has been truncated from its original size in order to facilitate transmission. If you need more information about this story, please contact Individual at 1-800-766-4224. **

/CONTACT: Ray Alliori, Vice President of MCI Investor Relations, 202-887-2068, or Frank Walter of MCI, 1-800-644-NEWS/ (MCIC)

[10-23-96 at 13:00 EDT, PR Newswire, File: p1023080.900]

CERTIFICATE OF SERVICE

I hereby certify that on October 28, 1996, a copy of the foregoing Opposition To Petitions For Reconsideration Of IXCs And Messaging Providers was served by first class mail, postage pre-paid to the parties on attached Service List.

Robert F. Aldrich
Robert F. Aldrich

SERVICE LIST

Elizabeth A. Noel
People's Counsel
Michael A. McRae
Assistant People's Counsel
Office of the People's Counsel
District of Columbia
1133 15th Street, NW, Suite 500
Washington, DC 20005-2710

Peter Arth, Jr.
Edward W. O'Neill
Patrick S. Berdge
505 Van Ness Avenue
San Francisco, CA 94102
Attorneys for the Public Utilities
Commission of the State of California

Joel B. Shifman, Esq.
Peter G. Ballou, Deputy General Counsel
Main Public Utilities Commission
242 State Street
18 State House Station
Augusta, Maine 04333-0018

Maureen O. Helmer
General Counsel
New York State
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Pati Wood, III, Chairman
Robert W. Gee, Commissioner
Judy Walsh, Commissioner
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

Eric A. Eisen
Eisen Law Office
10028 Woodhill Road
Bethesda, MD 20817
Attorney for the Indiana Utility
Regulatory Commission

David M. Kaufman
General Counsel
New Mexico State Corporation
Commission
P.O. Drawer 1269
Santa Fe, NM 87504

Betty D. Montgomery, Attorney General
Duane W. Luckey, Section Chief
Johnlander Jackson-Forbes
Assistant Attorney General
Public Utilities Section
180 East Broad Street
Columbus, OH 43215-3793

Lawrence R. Edmison, General Counsel
Cece L. Wood, Assistant General Counsel
Oklahoma Corporation Commission
P.O. Box 52000-2000
Oklahoma City, OK 73152-2000

Stanley W. Foy
Post Office Box 991
Montgomery, Alabama 36101-0991
Attorney for the Alabama Public
Service Commission

Danny E. Adams
Steven A.Augustino
KELLEY DRYE & WARREN, LLP
1200 Nineteenth Street, Suite 500
Washington, DC 20036
Attorneys for CompTel

Robert M. Lyunch
Durward D. Dupre
Mary W. Marks
J. Paul Walters, Jr.
One Bell Center, Room 3520
St. Louis, Missouri 63101
Attorneys for Southwestern Bell Telephone Company

Rachel J. Rothstein
CABLE & WIRELESS, INC.
8219 Leesburg Pike
Vienna, VA 22182

David L. Hill
Audrey P. Rasmussen
O'CONNOR & HANNAN, L.L.P.
1919 Pennsylvania Avenue, NW, Suite 800
Washington, DC 20006-3483
Attorneys for PageMart II, Inc.

Andrew J. Phillips
YAKES, BAUER, KINDT & PHILLIPS, S.C.
141 North Sawyer Street
P.O. Box 1338
Oshkosh, WI 54902-1338
Attorney for Wisconsin Pay Telephone Association, Inc.

Carl N. Northrop
E. Ashton Johnston
PAUL, HASTINGS, JANOFSKY & WALKER LLP
1299 Pennsylvania Avenue, NW, 10th Floor
Washington, DC 20004-2400
Attorneys for AirTouch Paging

Mark A. Stachiw
AirTouch Paging
12221 Merit Drive
Suite 800
Dallas, TX 75251

Judith St. Ledger-Roty
Wendy I. Kirchick
REED SMITH SHAW & McCLAY
1301 K Street, NW
Suite 1000 East Tower
Washington, DC 20005

Mark C. Rosenblum
Peter H. Jacoby
Richard H. Rubin
Room 325I3
295 North Maple Avenue
Basking Ridge New Jersey 07920
Attorneys for AT&T Corp.

Michael K. Kellogg
Jeffrey A. Lamken
KELLOG, HUBER, HANSEN, TODD & EVANS
1301 K Street, NW, Suite 1000 West
Washington, DC 20005
Attorneys for the RBOC Payphone Coalition

M. Robert Sutherland
Rebecca M. Lough
Theodore R. Kingsley
Suite 1700
1155 Peachtree Street, NE
Atlanta, Georgia 30309-3610
Attorneys for BellSouth Corporation

Mary McDermott
Linda Kent
Charles D. Cosson
Keith Townsend
1401 H Street, NW, Suite 600
Washington, DC 20005
Attorneys for United States Telephone Association

David Cosson
2626 Pennsylvania Avenue, NW
Washington, DC 20037
Attorney for National Telephone Cooperative Association

Alan N. Baker
2000 West Ameritech Center Drive
Hoffman Estates, IL 60196
Attorney for AmeriTech

Janee Briesemeister, Senior Policy Analyst
Consumers Union
Southwest Regional Office
1300 Guadalupe, Suite 100
Austin, Texas 78701-1643
Attorney for Consumers Union
Center for Economic Justice
Public Citizen, Texas
Texas Citizen Action

Janee Briesemeister, Senior Policy Analyst
Center for Economic Justice
1905 Kenwood Avenue
Austin, Texas 78704-3633

Janee Briesemeister, Senior Policy Analyst
Public Citizen, Texas
1800 Rio Grande
Austin, Texas 78701

Janee Briesemeister, Senior Policy Analyst
Texas Citizen Action
1714 Fortview Road
Suite 103
Austin, Texas 78704-7659

R. Michael Senkowski
Katherine M. Holden
Stephen J. Rosen
WILEY, REIN & FIELDING
1776 K Street, NW
Washington, DC 20006
Attorneys for Personal Communications Industry Association

Robert. L. Hoggarth
Senior Vice President
Paging and Narrowband
PERSONAL COMMUNICATIONS
INDUSTRY ASSOCIATION
500 Montgomery Street
Suite 700
Alexandria, VA 22314-1561

Leon M. Kestenbaum
Jay C. Keithley
H. Richard Juhnke
SPRINT CORPORATION
1850 M Street, NW
Washington, DC 20036

Mary J. Sisak
Donald J. Elardo
MCI TELECOMMUNICATIONS
CORPORATION
1801 Pennsylvania Avenue, NW
Washington, DC 20006